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REPORT [redacted]

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SUBJECT USIA Transactions Through Siecens Schuckert II

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1. At the end of December 1947, a deputy for Friedrich Tupy, manager of Siemens-Schuckert II, USIA-controlled plant in Vienna XX, Engerthstrasse, and Appel, the Prokurist (head clerk legally authorized to sign for the company) of the same firm, made an offer to Engineer Mayer of the Austrian People's Party, vice-president of the Austrian Wirtschaftsgruppe Elektroindustrie, Vienna I, Rathausstrasse, to deliver electric motors for Austrian consumption. Siemens-Schuckert II was to supply the Austrian Wirtschaftsgruppe Elektroindustrie with twenty to thirty electric motors (1 to 15 HP) in return for 5000 kg. of special red lacquer needed in the production of dynamo-wire, plus other scarce articles needed in the production of electric motors. Appel demanded very high USIA prices for the electric motors but was willing to pay only Austrian ceiling prices for the articles to be furnished by the Wirtschaftsgruppe.

2. Engineer Mayer became suspicious of the offer and consulted his personal friend, Director Johann Zehetner, commercial head of all Siemens plants in Austria. Zehetner explained that the transaction as planned would benefit only Siemens-Schuckert II. Accordingly, Mayer broke off negotiations.

3. Recently, Tupy and Appel presented the Austrian Wirtschaftsgruppe with a second proposal. According to the new offer, the Electrical Division of USIA was ready to deliver one-third of all USIA production of electrical goods to the Austrian Wirtschaftsgruppe fuer Elektroindustrie for Austrian consumption, provided that the Wirtschaftsgruppe in turn would raise the quota of raw materials presently assigned to USIA. 50X1-HUM

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